

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 DOE-11 H-02 INR-07 INT-05  
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15 OES-07  
SP-02 SS-15 STR-06 TRSE-00 ACDA-12 PA-02 PRS-01  
/128 W

-----066145 272347Z /70

P 272307Z JAN 78

FM AMCONSUL CALGARY

TO SECSTATE WASHDC PRIORITY 2300

INFO AMEMBASSY OTTAWA PRIORITY

UNCLAS CALGARY 0054

E.O. 11652: NA

TAGS: ENRG, CA

SUBJ: CURRENT ALBERTA GAS EXPORT PROPOSALS

1. PAN ALBERTA GAS LTD., A SUBSIDIARY OF ALBERTA GAS TRUNK LINE (AGTL), HAS FILED AN APPLICATION WITH ENERGY RESOURCES CONSERVATION BOARD (ERCB) WHICH REQUESTS AUTHORIZATION FOR THE REMOVAL FROM ALBERTA OF UP TO 3.6 TCF OF NATURAL GAS AT RATES OF UP TO 1.25 BCF A DAY, COMMENCING NOV. 1, 1979. OF THE 1.25 BCF DAILY TOTAL, 800 MMCF WOULD BE COMMITTED TO NORTHWEST PIPELINE COMPANY, UP TO 400 MMCF WOULD BE DESTINED FOR PROPOSED QUEBEC AND MARITIMES PIPELINE, AND 20 TO 60 MMCF DEVOTED TO OTHER INTERNAL CANADIAN USES. THE PAN ALBERTA APPLICATION WAS MADE AT THE SPECIFIC REQUEST OF THE ALBERTA GOVERNMENT, AND THE PROPOSAL IS NOW UNDER ERCB REVIEW. PUBLIC HEARINGS HAVE YET TO BE SCHEDULED.

2. SEPARATE PAN ALBERTA-ALBERTA AND SOUTHERN GAS COMPANY PLAN FOR GAS EXPORTS OF UP TO 240 MMCF/D TO PACIFIC INTER-STATE, SUBSIDIARY OF PACIFIC LIGHTING HAS, MEANWHILE, BEEN SHELVED. THIS PROPOSAL HAD CALLED FOR PREBUILDING OF 50 MILE STRETCH OF ALCAN (FOOTHILLS B.C.) PIPELINE IN BRITISH  
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COLUMBIA, AND WAS VIEWED HERE AS EXCELLENT VEHICLE FOR EARLY COMMENCEMENT OF ADDITIONAL GAS SHIPMENTS TO U.S. AS PACIFIC LIGHTING WAS WILLING TO MAKE A SWAP COMMITMENT AND ALBERTA AND SOUTHERN HAD PERMITS IN HAND FROM ERCB FOR REMOVAL OF NECESSARY GAS FROM ALBERTA. THE ALBERTA GOVERNMENT, HOWEVER, KILLED VENTURE BY TELLING PAN ALBERTA THAT IF EXPORT APPLICATION WENT FORWARD, THE NEB WOULD BE INFORMED

THAT IT LACKED THE APPROVAL OF THE PROVINCIAL GOVERNMENT.

3. ERCB HAS CONCLUDED HEARINGS ON TRANSCANADA APPLICATION FOR ADDITIONAL 7.4 TCF OF GAS. PORTION, PERHAPS AS MUCH AS 2 TCF, OF THIS TOTAL WOULD BE AVAILABLE FOR EXPORT IF AUTHORIZED BY ALBERTA AND NEB, HOWEVER, TRANSCANADA APPLICATION DOES NOT SPECIFICALLY PROVIDE FOR THIS CONTINGENCY. ERCB FINDINGS AND RECOMMENDATIONS ON THIS PROPOSAL ARE NOT EXPECTED UNTIL EARLY SUMMER.

4. COMMENT: AS SEEN FROM HERE, PAN ALBERTA EXPORT APPLICATION IS CONFIRMATION OF LOUGHEED GOVERNMENT'S BASIC DESIRE TO MOVE AHEAD WITH PREBUILDING OF WESTERN LEG OF ALCAN PIPELINE. PROVINCE HAS SUBSTANTIAL FINANCIAL AND EMOTIONAL COMMITMENT TO AGTL AND IT VIEWS ALCAN PROJECT A MAJOR (AND HIGHLY DESIRABLE) SHIFT OF ECONOMIC DECISION MAKING POWER TO WESTERN CANADA. PROVINCIAL GOVERNMENT ALSO HAS DIRECT FINANCIAL STAKE IN PAN ALBERTA THROUGH ITS 50 PERCENT OWNERSHIP OF THE ALBERTA ENERGY COMPANY. WE ARE TOLD THAT PROVINCIAL AUTHORITIES WILL BE RELUCTANT TO APPROVE RECENT TRANSCANADA APPLICATION SINCE KEY MEMBERS OF LOUGHEED CABINET REPORTEDLY BELIEVE THAT ALBERTA LOSES CONTROL OF GAS THAT ENTERS TRANSCANADA SYSTEM. PAN ALBERTA-ALBERTA AND SOUTHERN GAS COMPANY SALE TO PACIFIC INTERSTATE WAS, IN OUR VIEW, QUASHED BECAUSE LOUGHEED CABINET FEARED IT WOULD DIMINISH PROVINCE'S CHANCES FOR UNCLASSIFIED

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EXTRACTING BEEF AND PETROCHEMICAL CONCESSIONS FROM U.S.G.  
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## Message Attributes

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**Review Markings:**  
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